



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION VII
726 MINNESOTA AVENUE
KANSAS CITY, KANSAS 66101

JUL 12 1995

Mr. Gerry Korb
Vice President of Operations
The Knapheide Mfg. Co.
436 South Sixth Street
Box C 140
Quincy, Illinois 62306-2140

Dear Mr. Korb:

RE: Review of Four Supplemental Environmental Projects for the
Knapheide Manufacturing Company, West Quincy, Missouri

We reviewed the May 5, 1995, Supplemental Environmental Project Investigation Plan submitted by Schreiber, Grana & Yonley, Inc. for your facility. As I stated in my telephone conversation with Ms. Oberkfell of approximately two weeks ago, the plan is approved. For compliance purposes consider the receipt of this letter as the beginning day for the tasks.

We have also reviewed the four SEP Proposals submitted on May 5, 1995 to determine if they comply with Paragraph 2 of the First Modification to the Consolidated Consent Agreement and Consent Order (CA/CO), dated March 8, 1995, and the "Policy on the Use of Supplemental Enforcement Projects in EPA Settlements" dated February 12, 1991.

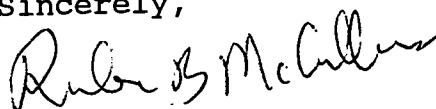
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R00003801
RCRA Records Center

If you have any questions or would like to schedule a discussion of any issues concerning the four proposals, please contact me at (913) 551-7455.

Sincerely,



Ruben B. McCullers
Environmental Scientist

Enclosure

cc: Patrick Splichal, PRC
Bob Richards, CNSL

COMMENTS ON THE PROPOSALS

Proposed SEP 1--Examine the Environmental Impact of the Flood on the West Quincy, Missouri, Facility and Dispose of the Above Ground Tanks and Wood Treatment Building

The comments on this proposal are presented according to the three tasks identified for penalty offset in the proposal.

a. Cleanup of the Buildings and Grounds

1. The proposal states that costs associated with this task include costs for removal and disposal of mud and debris left by the flood and for repair or replacement of all walls of buildings damaged by the flood waters. Cleaning up the property and repairing buildings for the use of the current owner or potential future occupants is a good management practice (GMP) and therefore, is not eligible for a SEP reduction. Also, there is no demonstrated environmental benefit from these activities. If Knapheide wants to further support these activities, then detailed information must be provided by Knapheide to demonstrate their environmental benefits, and that those environmental benefits are not more readily understood as GMPs.
2. The SEP also states that the costs associated with this task include the cost of a post-flood investigation of the facility by Schreiber, Grana & Yonley, Inc., environmental consultants, and by Harold Huggins of the facility to assess any environmental damage. This could also be considered a GMP based on the small amount of information provided in the SEP. To support the allegation that the post-flood investigation constitutes a SEP, Knapheide must demonstrate that **specific environmental** damages from the flood were searched for, and if noted, were subsequently repaired.
3. Knapheide claims that \$146,631 of SEP available funds were spent on this task. If Knapheide can show that either of the above mentioned activities qualify as a SEP, then a detailed breakdown of the costs must be presented showing which costs are associated with each activity and a breakdown of costs by labor, equipment, and supplies. If Knapheide shows that there is a combination of both GMP and SEP costs, present both costs and explain the difference how the costs were separated.

b. Disposal of the Tanks, Tank Contents, and Clean and Close Piping

This task includes costs associated with disposal of six above ground tanks, the tank contents, and the associated under ground piping. Four of the tanks contain heating oil #2, one tank contains xylene, and the other tank contains an aliphatic hydrocarbon-based solvent with toluene (Barton D100).

1. Disposal of the heating oil #2, the four tanks, and the associated piping is not considered necessary to meet any regulatory requirements. All activities associated with the removal of heating oil #2 tanks and the oil itself, qualify for SEP credit because leaving the heating oil #2 in the four tanks or any residue in the tanks would create an environmental threat. However, if the heating oil is transferred to the temporary facility in Quincy, Illinois and used as fuel there, then this transfer itself would be considered a GMP and will not qualify for a reduction. Knapheide must provide documentation on the ultimate disposition of the heating oil #2 from the four tanks, more detailed information concerning who performed any dismantling and disposal services, and when these activities occurred, as well as a paid invoice for all these activities in order to gain credit for this task as a SEP and a determination of credit amount. If the work was done by internal employees, then provide copies of the assignments and the time sheets associated with that activity.
2. Paragraph 2 on page 3 of this proposed SEP states that Knapheide has eliminated the processes supported by the solvent tanks. Based on discussion in the SEP guidance and the language in Paragraph 2a. of the First Modification to the CA/CO, the solvents are considered to be product (non-waste). If Knapheide removes these solvents from the tanks and uses them at its temporary facility in Quincy, Illinois, this action would be considered a GMP. Knapheide must provide documentation on the ultimate disposition of the solvents, who performs the dismantling and disposal services, and when these activities occur, as well as a paid invoice for all these activities in order to gain approval as a SEP and a determination of credits. If the work was done by internal employees, then provide copies of the assignments and the time sheets associated with that activity. The ultimate use or disposal of the solvent will dictate whether this task is a SEP or a GMP.

c. Dismantling and Disposing of the Damaged Wood Treatment Building

1. Knapheide states that this task is a SEP with a cost of \$2,000. However, the SEP makes no mention of the environmental benefit of dismantling and disposing of this building. For instance, if this building is contaminated with fungicides and pentachlorophenol from the wood treatment solution, then its disposal maybe an environmental benefit. Knapheide must provide documentation, including analytical results if available, to show that the building creates a hazard to the environment and that removing the building would be a benefit to the environment. If non-analytical data is used, show how this data is quantified.

The last paragraph on page 3 states that the total cost for this SEP is \$194,631. However, the sum of the costs presented in the cost estimate on page 2 is \$162,631. Knapheide must resolve this discrepancy.

Proposed SEP 2--Fighting the Great Flood of 1993

The Proposal documented that Knapheide employees helped lay sandbags and reinforce levees to prevent flooding in the Fabius levee district, a 15,000-acre area protected by a U.S. Army Corps of Engineers levee system. Knapheide operated its facility in this levee district.

Knapheide has categorized this activity as a pollution prevention project that cost \$254,282. Based on information currently available, EPA believes that all sandbagging and other activities done to prevent the Knapheide facility from flooding are GMPs and therefore, do not qualify for credits as a SEP.

- a. The flood fighting activities carried out by Knapheide to protect other facilities and farmsteads may constitute a SEP if these activities gave the facilities time to remove oil, gasoline, pesticides, and other chemicals from their properties, which would minimize contamination of the Mississippi River and downstream properties. However, if the assistance to other facilities is a secondary benefit of protecting the facility itself, then the original GMP would take precedence.

Knapheide must provide a detailed cost breakdown of labor hours and materials used in helping to protect other facilities from the flood for all those non-GMP activities.

Proposal SEP 3--Paint Usage and VOC Reduction in Temporary Plant

- a. Knapheide states that an Air Permit Variance has been granted by the Illinois Environmental Protection Agency (IEPA) to allow Knapheide to use paints with volatile organic compound (VOC) levels ranging from 6.0 to 6.5 pounds per gallon (lb/gal) as opposed to the IEPA regulatory limit of 3.5 lb/gal. To allow an assessment of the applicability of this SEP, Knapheide must submit a copy of the variance and a copy of the applicable IEPA regulations. This information will help in determining whether Knapheide is performing a SEP or simply complying with current IEPA regulations.
- b. Paragraphs 2, 3, and 4 on page 1 of this SEP state that Knapheide changed the type of paints used from 10.5 to 48.8 percent solids paints and 26.3 to 52.7 percent solids paints. Page 2 of the SEP states that VOC emissions were reduced from 79,200 to 46,092 lb from January and February 1994 versus January and February 1995. However, no discussion or calculations are presented to demonstrate that VOCs in the "new" paints are below the variance level of 6.0 to 6.5 lb/gal or the IEPA regulatory limit of 3.5 lb/gal. Knapheide must provide Material Safety Data Sheets for the "old" and the "new" paints and must provide calculations to demonstrate that the "new" paints have VOC levels below those granted in the variance or below the IEPA regulatory limit.
- c. The SEP makes no mention of any air permit for VOC emissions at the new facility. Assuming the IEPA requirements or those in the Clean Air Act (CAA) would dictate that a permit level at or below 3.5 lbs/gal must be obtained to emit a specified amount of VOCs, then modifications of processes at the temporary facility in order to ultimately achieve compliance with permits for the new facility would not qualify as a SEP, unless the modification eliminated the VOC entirely. Knapheide must state the IEPA requirement for the new facility and show major reduction beyond the level set by IEPA for the processes that still uses VOCs to be eligible for SEP credit. This must be fully documented.
- d. Knapheide states that \$209,675 was spent to purchase the bake ovens and miscellaneous equipment that enabled Knapheide to switch to the higher solids paints. Knapheide must submit information showing why these ovens are not necessary to achieve the IEPA requirements and copies of the paid invoices for these ovens to justify a potential penalty offset.

SEP 4--Paint Technology Investigation/Consulting

- a. This SEP involves costs for studying the best available painting technologies to exceed the regulatory requirements for VOC emissions. Studies of pollution prevention or pollution reduction measures are allowable SEPs according to Section G of the SEP policy. However, even when the SEP credit for this activity is approved, Knapheide's costs to perform its study will not be available for potential offset until Knapheide has implemented the new painting technologies.
- b. Page 1 of the cost breakdown contains an inconsistency in the event dated January 27 and 28, 1994. The "attendees" line item cost is listed as "18 attendees @ \$40K each * 2 days" equaling \$5,760. An error is present in this calculation. Knapheide must resolve this discrepancy.
- c. In several instances on all three pages of the cost breakdown, travel for the Knapheide employees is billed at \$738 per hour. However, this rate is always the same no matter how many people are listed in the line item and no matter which people are listed. Knapheide must provide clarification for this apparent inconsistency.
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ART/RCRA/RCOM:MCCULLERS:ns:7305:07/07/95:f:SEPLET

RCOM
MCCULLERS

RCOM
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RBm
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doyle
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